SATURDAY, MAY 1, 1999

CLEAN AIR: CLEANER CARS AND CLEANER GASOLINE

Today, President Clinton is announcing the next step in providing Americans with cleaner cars, cleaner gasoline and cleaner air. The proposed new standards are specifically designed to reduce harmful air pollution, like smog-causing nitrogen oxides, in flexible, cost-effective ways that give Americans the cleaner air and the consumer choices they want.

Cleaner Cars: EPA is proposing to set tougher tailpipe emissions standards beginning in 2004 -- the first time both cars and light-duty trucks are subject to the same national pollution control system. The proposed new standard is .07 grams per mile (gpm) for nitrogen oxides, a 77 percent reduction for cars and an 95 percent reduction for trucks and SUVs. Vehicles under 6000 pounds would be phased in between 2004 to 2007, and vehicles weighing between 6000 and 8500 would be phased in through 2009. The current national standards range from .6 gpm for cars to 1.53 gpm for the heaviest SUVs and vans. Estimated cost would be an average of $100 for cars and $200 for SUVs per vehicle.

Cleaner Gasoline*:* To achieve cleaner air efficiently and cost effectively, EPA is proposing for the first time that tailpipe emissions and sulfur in gasoline are addressed together as a single system. Sulfur in gasoline impedes the effectiveness of catalytic converters -- the devices that reduce pollution from tail pipes. The proposal would require the nation's refiners to meet an average sulfur level of 30 parts per million (ppm) by 2004, down from the current average of more than 300 ppm. Small refiners -- those with 1,500 employees or less -- would have an additional 4 years to comply, with the opportunity of an extension for those that can demonstrate a severe economic hardship. EPA estimates the cost would be between one and two cents per gallon, or about $12 to $24 dollars per year per car.

Maximum Flexibility: To ensure that the car and oil industries meet the new standards cost-effectively, the proposal includes several flexible mechanisms:

- ***Averaging****:* To allow maximum cost-effectiveness, automakers and refiners can meet the proposed standards by averaging. For example, automakers could manufacture a range of vehicles that emit 0.00 (gpm) to 0.2 gpm of nitrogen oxides as long as the average amount of the entire fleet remains at 0.07 gpm. The nation's refiners and importers of gasoline would have the flexibility to manufacture gasoline within a range of sulfur levels as long as the annual average is 30 parts per million (ppm). The maximum amount of sulfur in gasoline, for purposes of averaging, could not exceed 80 ppm after 2005.

- ***Phase-In:*** Beginning in 2004, 25 percent of lighter vehicles would be required to meet the new 0.07 gpm standard each year until the phase-in is completed in 2007. Larger vehicles, from 6000 to 8500 pounds, would also be phased in to meet the new standard beginning in 2004 until completed in 2009. Small refiners would have until 2008 to comply with the proposed sulfur standards. If necessary, small refiners that demonstrate a severe economic hardship could apply for an additional extension of up to two years.

- ***Credit for Early Action:*** The proposal allows companies to gain credits for early pollution reductions. The result of these market mechanisms is reduced costs to industry and cleaner air faster for the American people. As early as 2001, auto manufacturers could obtain credits for later use for vehicles produced at or below the 0.07 gpm standard. Refiners and importers of gasoline also would be allowed to generate, bank, and trade sulfur credits that they could either use in a later year or sell to another refiner.

Over the next several months, EPA will get public comments on the proposal. The plan should be finalized by the end of the year.